Thrift Savings Plan BULLETIN for Agency TSP Representatives

Subject: 2015 TSP Contribution Limits

Date: November 26, 2015

The Internal Revenue Service (IRS) has announced the contribution limits for 2015:

Limit Name	IRC	2015 Limit	2014 Limit
Elective Deferral Limit	§ 402(g)	$18,000	$17,500
Catch-up Contribution Limit	§ 414(v)	$6,000	$5,500
Annual Addition Limit	§ 415(c)	$53,000	$52,000

These limits affect the amount of contributions that can be made to individual Thrift Savings Plan (TSP) accounts for the calendar year.

TSP contributions are reported by pay date, which is established by the participant's employing agency and represents the date employees receive payment for a particular pay period. The pay date determines the year for which contributions are applied to the IRS contribution limits, and may be different than the date on which contributions are actually received and posted to the account.

I. Elective Deferral Limit (Internal Revenue Code (IRC) Section 402(g))

The IRC § 402(g) elective deferral limit for 2015 is $18,000. This limit applies to the traditional (tax-deferred) and Roth contributions made by an employee during the calendar year. The combined total of traditional (tax-deferred) and Roth contributions made during the year cannot exceed the elective deferral limit. This limit does not apply to Agency Automatic (1%) Contributions, Agency Matching Contributions, catch-up contributions, traditional contributions made from tax-exempt pay, or amounts transferred or rolled over into the TSP.

The TSP is not allowed to accept a contribution that exceeds the elective deferral limit for the year. If you submit a contribution that exceeds the elective deferral limit, the TSP will reject the entire employee contribution and all associated matching contributions, and will send a report to your payroll office showing the additional contributions allowed for the year. Once participants reach the elective deferral limit their contributions will be stopped

Inquiries: Questions concerning this bulletin should be directed to the Federal Retirement Thrift Investment Board at **202-942-1450**.

Chapter: This bulletin may be filed in Chapter 2, General Information.

for the rest of the year. This means that FERS participants who reach the limit before the final pay date of the year will also miss out on matching contributions for the rest of the year. Agencies should make FERS employees aware of what happens when they reach the elective deferral limit too early. You can refer FERS employees to the Fact Sheet, Annual Limit on Elective Deferrals, and the elective deferral calculator, How Much Can I Contribute?, for help with their contribution elections. Both are available at tsp.gov.

II. Catch-Up Contributions Limit (IRC Section 414(v))

The IRC § 414(v) catch-up contribution limit for 2015 is $6,000. Participants who will make contributions to the TSP (or certain other employer-sponsored plans) up to the elective deferral limit, and who will be age 50 or older by the end of 2015, may also make a catch-up contribution election to contribute additional pay to their TSP accounts. These contributions may be traditional (tax-deferred) and/or Roth and do not count toward the elective deferral limit. Eligible participants elect a whole dollar amount from their basic pay, and a new election must be made each year. The combined total of traditional (tax-deferred) and Roth catch-up contributions made during the calendar year cannot exceed the catch-up contributions limit.

Age-eligible participants who contribute the maximum amount of contributions allowed under the elective deferral limit and make catch-up contributions have the opportunity to contribute up to $24,000 (combined total of traditional (tax-deferred) and Roth contributions) in 2015 to their TSP accounts.

III. Limits for Participants with both Civilian and Uniformed Services Accounts

For participants who contribute to both a civilian and a uniformed services TSP account during the year, the elective deferral and catch-up contribution limits apply to the combined amounts of traditional (tax-deferred) and Roth contributions made to both accounts.

The TSP will apply the limits separately to each account during the year. In January of the following year, the TSP will determine whether either limit was exceeded in the aggregate of the two accounts. If this is the case, the TSP will deduct the excess contributions, along with any associated earnings, from the participant's uniformed services TSP account, and will send the participant a refund. The participant must report the traditional (tax-deferred) portion of contributions refunded as income for the year in which the contributions were made. Payroll offices must not "correct" the deferral amounts in block 12 of IRS Form W-2 for participants who exceed the elective deferral or catch-up contributions limit by contributing to a civilian and a uniformed services TSP account. The TSP will do the required tax reporting by issuing an IRS Form 1099-R.

The earnings on refunded excess contributions must be reported as taxable income for the year in which they are returned by the TSP. The TSP will issue a separate IRS Form 1099-R for the earnings portion of the refund in January of the year following the year in which the excess contributions were returned.

IV. Limits for Participants Who Contributed to a Similar Employer Plan and the TSP

The elective deferral and catch-up contribution limits apply to all contributions participants make to the TSP and most other employer sponsored defined contribution plans (e.g., 401(k), 403(a), or 403(b) plans).[1] Participants who exceed these limits by contributing to more than one employer plan may request a refund of excess deferrals from the TSP for the amount of contributions above these limits. In January 2015, the TSP will make available Form TSP-44, Request for Refund of Excess Contributions, and the Fact Sheet, Annual Limit on Elective Deferrals. The TSP must receive a participant's request for a refund of 2014 excess elective deferrals no later than March 15, 2015. The TSP cannot process requests received after this date. Agencies should refer affected participants to the TSP website for more information.

The other employer plans affected by the elective deferral limit may also accept requests for excess deferral refunds. Participants may wish to consult information from all their plan providers before choosing a plan from which to request a refund.

V. Annual Addition Limit (IRC Section 415(c))

The IRC § 415(c) annual addition limit for 2015 is $53,000. This limit applies to the total amount of contributions made on behalf of a participant in a calendar year. Although the annual addition limit does apply to civilian TSP accounts, civilian participants are rarely affected by it.

Participants who would like more information on how the limits apply to their civilian and uniformed services TSP accounts should refer to the Contribution Limits section under Plan Participation on the TSP website.

Jim Courtney
Director, Office of Communications and Education
Federal Retirement Thrift Investment Board

1 The contribution limits for Individual Retirement Accounts (IRAs) and IRC 457(b) deferred compensation plans, for example, are not coupled to the TSP contribution limits.